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**MANHATTAN FEDERAL COURT SENTENCES OPERATOR OF
INTERNATIONAL
MULTIMILLION-DOLLAR PONZI SCHEME TO NEARLY 20 YEARS IN
PRISON**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that CAROLYN A. MINTUS was sentenced today in Manhattan federal court to 235 months (19 years, 7 months) in prison for operating a fraudulent investment scheme that had successfully looted investors from around the world of more than \$37 million.

On August 17, 2001, after a four-week trial, a jury convicted MINTUS, the architect of the scheme, as well as three co-conspirators, Shmuel Rabinowitz, Mark Capozzi and Elizabeth Miller Kummerfeld, of conspiracy to commit wire fraud and wire fraud. In addition, the jury convicted MINTUS of 20 counts of money laundering. After the jury verdicts, United States District Judge KIMBA M. WOOD ordered MINTUS and Rabinowitz to be jailed. On March 8, 2002, Rabinowitz was sentenced to 18 months'

imprisonment. Capozzi and Kummerfeld await sentencing.

According to the evidence at trial, MINTUS, through her company, Mintus, Inc., purported to operate an investment program that offered investors the opportunity to invest in a secret market for bank-issued medium-term notes ("MTNs") worth \$500 million each. MINTUS and numerous intermediaries, including Rabinowitz, Capozzi and Kummerfeld, represented to investors that MINTUS had unique connections in the banking industry whereby select world-wide banks, identified only as "top 25 Western European Banks," or "top 100 World Banks," issued her \$500 million MTNs at a substantial discount.

Investors were told that in order for MINTUS to obtain the discounted MTNs from the unidentified banks MINTUS needed to pool a total of \$500 million of investor funds as collateral for the MTN. However, the investors were assured that their funds were secure because MINTUS purportedly "pre-sold" the discounted MTNs for substantial profits to secondary buyers through well-established brokerage houses.

Moreover, the evidence at trial established that investors were told that the profits from the secondary sales, worth millions of dollars per MTN, were to be disbursed to the investors. Investors were promised returns ranging from 5 percent per day to 30 percent per day for a 40-week period. Investors were also told that MINTUS had successfully completed billions of dollars worth of such transactions.

In fact, as the evidence at trial showed, the

investment program was entirely fictitious. MINTUS never purchased MTNs with the investor funds. The "high yield investment programs" promoted by the scheme - a variation of so-called "Prime Bank" frauds which have been the subject of alerts from the Federal Reserve and other regulatory agencies since the early 1990's - do not exist. Rather than purchasing MTNs, MINTUS immediately transferred or disbursed the investor funds to herself and her co-conspirators, or used the funds to pay prior investors.

According to the evidence at trial, from April 1998 through December 1999, MINTUS and her co-defendants collected in excess of \$37 million from defrauded investors located across the United States and in other parts of the world, including Spain, Germany, Canada, Hong Kong, South Africa and Australia. The evidence at trial showed that MINTUS ran the purported investment program as a classic Ponzi scheme. Funds received from investors were used to make smaller payments to earlier investors, thereby lulling the investors into believing that the program was successful.

MINTUS also shared the proceeds of the scheme with numerous co-conspirators. Bank records introduced at trial reflected payments of approximately \$520,000 to Rabinowitz and his company, Secure Investments, \$370,000 to Capozzi and his

company, Paraclete Resources, and \$290,000 to Kummerfeld and her company, Kummerfeld Associates Inc. MINTUS further used investor funds to maintain a lavish life-style and to benefit her family members. For example, MINTUS used in excess of \$1.2 million worth of investor funds to maintain residential suites at the Beekman Tower Hotel and the St. Regis Hotel in Manhattan during the course of the conspiracy, and more than \$470,000 to pay for additional credit card expenses. MINTUS also disbursed more than \$725,000 to her family members.

In addition to the term of imprisonment, Judge WOOD ordered MINTUS to pay \$7,038,437 in restitution to her victims, a \$500,000 fine and to forfeit \$15,171,397 to the Government. Judge WOOD also ordered that MINTUS forfeit six vehicles that MINTUS had purchased for family members using proceeds from the fraudulent scheme. The Government had seized the vehicles prior to trial.

In order to proceed to trial against MINTUS and Rabinowitz, the Government sought and obtained their extradition from Switzerland and Israel, respectively. On September 17, 1999, the Swiss government extradited MINTUS to the United States. On March 1, 2001, the Israeli government extradited Rabinowitz to the United States.

Rabinowitz was sentenced to 18 months in prison.

Kummerfeld and Capozzi await sentencing.

MINTUS, 71, resided in Manhattan prior to her arrest.

Rabinowitz, 49, is a Canadian citizen and resided in Toronto prior to his arrest.

Capozzi, 48, resides in Boca Raton, Florida.

Kummerfeld, 71, resides in Manhattan.

Mr. COMEY praised the United States Customs Service and the Federal Bureau of Investigation for their investigative efforts in this case, which began in 1998. Mr. COMEY also thanked the governments of Switzerland and Israel for their cooperation and assistance in the extraditions of MINTUS and Rabinowitz.

Assistant United States Attorneys MARC A. WEINSTEIN and ERIKA THOMAS are in charge of the case.

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